

CHAPTER 3
SECTION 1

GENERAL

1.0. GENERAL

The provisions of this chapter apply to all financial transactions not otherwise specified in the contract. The contractor shall establish and maintain a financial accounting system that complies with Generally Accepted Accounting Principles (GAAP) and guidelines established by the Financial Accounting Standards Board (FASB). In addition, the contractor shall establish and maintain a financial and accounting users manual which includes elements such as a delineation of contract-required TRICARE financial accounting functions and reports, organizational structure with lines of authority clearly depicted, job descriptions, etc.

2.0. CORPORATE INTERNAL REVIEW

Corporate internal review shall be accomplished to make certain that accounting data are correct and reliable. The following are minimum requirements: The contractor corporate internal review staff must conduct regular, routine audits on no less than an annual basis to ensure proper monitoring in areas of financial accounting, internal controls, special/ manual payments issued, and possible fraud and abuse reviews. The audit function may be subcontracted to a CPA firm. A copy of each audit of the accounting system will be sent to the Director, Contract Resource Management, TMA, and a copy to the Chief, Office of Program Integrity, TMA, at the same time as it is released to contractor management.

3.0. PROTECTION OF GOVERNMENT FUNDS

The contractor shall demonstrate the ability to adequately protect and properly account for government funds entrusted to them. Failure to comply with the provisions outlined in this chapter and in Section G of the contract may result in the TMA, CRM Finance and Accounting Officer (F&AO) determining that the government funds are in danger of loss. If it is determined that government funds are in danger of loss, the TMA, CRM F&AO may suspend or revoke the contractor's authority to disburse government funds.

